



California Independent Petroleum Association

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October 24, 2003

The Honorable William M. Thomas
Chairman
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

RE: Support -- American Jobs Creation Act of 2003, H.R. 2896

Dear Chairman Thomas:

On behalf of the California Independent Petroleum Association (CIPA), I am writing to share our thoughts and concerns on the American Jobs Creation Act of 2003 (H.R. 2896) currently pending before the House Ways and Means Committee. We appreciate greatly the time you and your staff have put into shaping this critical piece of public policy and applaud your efforts in designing a package intended to help strengthen the country's domestic industries, including the energy exploration and production sectors. Passage of this important bill is critical and we stand ready to offer our assistance in any manner possible to help you in your endeavors.

Both the House (H.R. 2896) and Senate (S. 1637) versions of the bill contain a number of provisions we believe are critical to helping businesses both domestic and abroad. Overall, however, we believe the House version of the bill's tax title is the stronger of the two versions and with some minor additions would provide the best set of tools for the nation's independent oil and gas producers going forward.

Of particular interests to us is the U.S. manufacturing and production tax rate cut provision proposed in the House version of H.R. 2896. We understand the current corporate tax rate would be reduced by 3 percentage points (from 35% to 32%) phased-in over a period of years. We also understand this reduction in corporate tax rates would apply to the oil and gas industry, at both the refining and the extraction levels. We strongly support this provision and would encourage you to do all you can to ensure it is enrolled in the final package.

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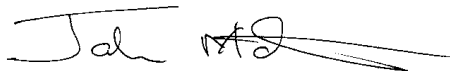
We would also like to note our support for the following proposed items:

- Across the board tax rate cuts for all corporations with less than \$20 million of taxable income,
- The two year extension of Section 179 expenses,
- AMT relief in the form of expanded exemptions, elimination of limitations on NOLs against AMT, and elimination of limitations on the use of foreign tax credit against AMT,
- Subchapter "S" reform,
- Repeal of the Extraterritorial Income Exclusion Act of 2000 (ETI),
- Provisions that enable U.S. companies to compete under rules similar to the their competitors,
- The prevention of double taxation on foreign source income, and
- Corporate expatriation (inversions).

Thank you again for your leadership on this critical area of policy and for your consideration of our thoughts. CIPA's members remain enthusiastic and encouraged about the historic opportunity offered by the potential passage of this bill.

As always, please do not hesitate to contact me if CIPA's members or I can be of assistance in any matter.

With Best Regards,

A handwritten signature in black ink, appearing to read "John Martini", with a long horizontal flourish extending to the right.

John Martini
Chief Executive Officer
California Independent Petroleum Association

cc: Mr. Robert Winters, Counsel to the Committee on Ways and Means
Mr. Jeff McMillen, Staff Director, Subcommittee on Select Revenue Measures
Members, CIPA Board of Directors